

**REBUTTAL TESTIMONY OF**

**THERESE A. GRIFFIN**

**ON BEHALF OF**

**DOMINION ENERGY SOUTH CAROLINA, INC.**

**DOCKET NO. 2019-239-E**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

A. My name is Therese A. Griffin and my business address is 220 Operation Way, Cayce, South Carolina. I am the Manager of Energy Efficiency and Demand Management for Dominion Energy South Carolina, Inc. (“DESC” or the “Company”).<sup>1</sup>

**Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING?**

A. I have.

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

The purpose of my rebuttal testimony is to respond to the direct testimony of Elizabeth Chant on behalf of South Carolina Coastal Conservation League (“CCL”), South Carolina NAACP, and Southern Alliance for Clean Energy (“SACE”) in this proceeding.

Specifically, I will address the following claims/recommendations made by Ms. Chant:

1. Her assertion that there is nothing in DESC’s proposal directed at the needs of moderate income residents;
2. Her proposal that the Commission set boundaries on DESC’s ability to change programs over the five-year period while allowing DESC flexibility to adapt to market changes; and

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<sup>1</sup> South Carolina Electric & Gas Company (“SCE&G”) changed its name to Dominion Energy South Carolina in April 2019, as a result of the acquisition of SCANA Corporation by Dominion Energy, Inc. For consistency, I use “DESC” to refer to the Company both before and after this name change.

- 1                   3. Her assumption that commercial and industrial accounts that have opted out  
2                   of the rider may wish to participate in the DESC Energy Efficiency (“EE”)  
3                   programs.  
4

5   **Q.    MS. CHANT STATES THAT THERE IS NOTHING IN DESC’S PROPOSAL**  
6           **DIRECTED AT THE NEEDS OF MODERATE INCOME RESIDENTS. IS THAT**  
7           **CORRECT?**

8    A.           No. The Neighborhood Energy Efficiency Program (“NEEP”) targets  
9           neighborhoods where there is a mix of low and moderate income residential customers.  
10          Neighborhoods qualify if they are located within a U.S. Census I.D. block where  
11          approximately 50% of households have income levels equal to or less than 150% of the  
12          Federal Poverty Guidelines, as defined by the U.S. Department of Health and Human  
13          Services. DESC makes benefits of the NEEP program available to all residential customers  
14          within those neighborhoods, specifically including customers with incomes above the  
15          150% guideline. In practice, a large percentage of the customers who receive energy  
16          efficiency measures under NEEP are moderate income customers.

17               Annually, DESC evaluates which U.S. Census I.D. blocks to target for NEEP.  
18          Influencing factors include I.D. blocks of 500 or more customers, the ability to combine  
19          I.D. blocks that are contiguous or in close proximity, the number of customers at or below  
20          the 150% Federal Poverty Guideline, input from community officials, physical surveys of  
21          the neighborhoods and historical program data.

22               Targeted neighborhoods receive notifications by U.S. mail to attend a kick-off  
23          event in their community. DESC coordinates with local Community Action Partner  
24          (“CAP”) agencies and the DESC customer assistance department to present energy  
25          efficiency education and billing assistance information during the kick-off event. Homes

1 receive installed measures through a door-to-door sweep approach that allows DESC to  
2 optimize efficiency in program delivery. The core measures installed include up to 15 LED  
3 bulbs, electric water heater wrap, electric water heater temperature adjustment, electric  
4 water heater pipe insulation, smart power strips, air filters (we also leave behind a year's  
5 supply), and kitchen faucet aerators.

6 A certain number of mobile/manufactured homes that participate in the core NEEP  
7 offering are identified to receive additional weatherization measures specific to this  
8 housing stock. These homes are selected based on the highest energy users and our ability  
9 to perform the work within the scope of the program. Mobile home weatherization  
10 measures include air sealing, duct sealing, attic insulation, belly board insulation and  
11 repair, reflective roof coating, and a programmable or Wi-Fi-enabled thermostat, as  
12 needed. All of these aspects of the NEEP program target moderate income customers  
13 alongside their low income counterparts.

14 In addition, none of DESC's other residential Demand Side Management ("DSM")  
15 programs exclude moderate income customers. These customers are represented in all the  
16 programs at varying degrees. For example, a 2015 internal analysis of customers who  
17 frequent DESC's business offices found that 85% of all residential business office  
18 customers are low or middle income. Of the 85%, 45% are moderate/middle income. As  
19 a result of these findings, DESC established the distribution of free 5-bulb LED kits to  
20 residential electric service or combo (electric and gas) customers, who visit a DESC  
21 business office, as a subset of the EnergyWise Savings Online Store program. The kits  
22 include promotional information on how to order discounted LED bulbs by going online  
23 or calling the Online Store. The business office lighting promotion is offered periodically

1 throughout the program year and has provided nearly 11,000 LED kits to residential  
2 customers.

3 Based on an internal analysis conducted in 2017, about 45% of Home Energy  
4 Check-up customers have low to moderate incomes. Home Energy Check-up, Home  
5 Energy Reports, Appliance Recycling, Heating and Cooling and the EnergyWise Savings  
6 Online Store are marketed broadly to residential customers and address the energy  
7 efficiency needs of moderate income customers as well as other customers. The deep  
8 discounts (up to 70% off retail prices) available through the Online Store, as well as the  
9 rebates offered through the Heating and Cooling program, are particularly well-situated for  
10 moderate income customer participation.

11 For those reasons, DESC believes that it has provided significant programs targeted  
12 toward the energy efficiency needs of moderate income customers.

13 **Q. MS. CHANT STATES THAT THE COMMISSION SHOULD INCREASE**  
14 **REGULATORY OVERSIGHT BY IMPLEMENTING PROGRAM**  
15 **“FLEXIBILITY” GUIDELINES IN THE FORM OF ADDITIONAL**  
16 **PROCEDURAL REQUIREMENTS THAT THE COMPANY WOULD BE**  
17 **REQUIRED TO FULFILL BEFORE MODIFYING OR CANCELLING**  
18 **PROGRAMS. WOULD REQUIRING AN ADDITIONAL REGULATORY**  
19 **PROCESS BEFORE DESC COULD MODIFY OR CANCEL PROGRAMS**  
20 **BENEFIT DESC CUSTOMERS?**

21 **A.** No. Ms. Chant recommends that the Commission adopt Program Flexibility  
22 Guidelines that apply in North Carolina. However, these guidelines are based on an entirely  
23 different approach to DSM program administration than this Commission has adopted and

administered since 2010. In North Carolina, individual DSM programs are embodied in Commission-approved tariffs. Those tariffs must be formally amended before substantive changes are made to the programs. In addition, the North Carolina Commission requires prior Commission approval of

1. Changes in program costs greater than 20%;
2. Changes that resulted in program savings of greater than 20%;
3. Any change to the participant incentives offered;
4. Changes to the target customer group;
5. Any changes that would result in the reassignment of costs and benefits from one class to another; or
6. any combination of the first five criteria.

Flexibility Guidelines Reference Documentation, (Chant Exhibit 1) at 2.

This Commission has taken an entirely different approach in South Carolina. In the initial Order approving DESC's DSM programs, the Commission referenced with approval the testimony before it concerning the benefits of flexibility in administering DSM programs:

Permitting [DESC] to have the authority to alter its DSM Measures and programs as requested will ensure that they can be routinely updated in response to changing needs of the customers and the system. Such flexibility will allow for faster evolution of programs to meet customer expectations, and will make for a more efficient and effective suite of programs in the long run.

Order No. 2010-472 at p. 8. The Commission noted that "ORS and the other signatories to the Settlement Agreements [in the 2010 proceeding] have agreed that this flexibility, as requested in [DESC's] application, should be approved." *Id.* at 8. In conclusion, the Commission found

that the flexibility in modifying this suite of programs requested by [DESC] will aid the Company in implementing its DSM programs in an efficient manner and will provide it with the ability to adjust these programs based on evolving market conditions and information. The Commission directs that [DESC] include information regarding any and all such modifications in its annual filing with the Commission and ORS.

1        *Id.* at 9.

2                The regulatory and stakeholder processes approved by the Commission in Order  
3        No. 2010-472 have been in place now for nine years and appear to be working well. The  
4        North Carolina process has resulted in misunderstandings and disputes leading to 13 pages  
5        of “Reference Documentation” concerning how to properly interpret the “flexibility”  
6        provided to Duke Energy. Flexibility Guidelines Reference Documentation, (Chant Exhibit  
7        1).

8                Under the South Carolina approach, DESC makes two annual DSM filings – a  
9        Program Update and DSM Rate Rider Petition in January, and a filing of the previous  
10       year’s Evaluation, Measurement and Verification (“EM&V”) Report in May. All program  
11       changes are presented in detail and reviewed in those filings. DESC has used its authority  
12       to modify, expand or eliminate programs (or measures within programs), to address  
13       changes in appliance standards and market conditions and/or to implement EM&V or ORS  
14       recommendations. Examples include increasing Heating and Cooling program rebate  
15       amounts, the addition of a mobile home weatherization component to NEEP, moving from  
16       CFL to LED bulbs across all residential programs and the addition of water conservation  
17       measures to the Home Energy Check-up program, NEEP and the EnergyWise Savings  
18       Online Store program.

19               All of these program changes have been subject to stakeholder review and input  
20       under the stakeholder process adopted by the Commission. As discussed in my direct  
21       testimony, Order No. 2010-472 established an Energy Efficiency Advisory Group  
22       (“Advisory Group”) which meets regularly to review program results and activity in  
23       between regulatory filings. The Advisory Group provides input and feedback and makes

1 recommendations to DESC program staff. Between meetings, DESC shares program  
2 information with this group and seeks comments and advice. In all cases, important changes  
3 in DSM programs have been vetted with the Advisory Group and their feedback has been  
4 carefully considered.

5 In the past five years, DESC has voluntarily exceeded the required meeting  
6 schedule of at least two twice per year. Additionally, the Advisory Group has had annual  
7 access to executives and senior analysts from third-party evaluator Opinion Dynamics  
8 Corporation to review and comment on evaluation methods, program outcomes and  
9 recommendations. Ms. Chant's clients, SACE and CCL, are active members of the  
10 Advisory Group and have had ample notice and opportunity to comment and advise on all  
11 aspects of DESC's DSM program as it has evolved since 2010. Ms. Chant points to no  
12 specific problems with the current structure of stakeholder review and regulatory oversight.  
13 DESC is not aware of any practical reason why the current structure should be radically  
14 overhauled as Ms. Chant proposes.

15 **Q: ON PAGES 26 AND 27 OF HER DIRECT TESTIMONY, MS. CHANT SUGGESTS**  
16 **THAT THE COMMISSION ORDER THE REVIEW, REVISION AND**  
17 **RESUBMITTAL OF PROGRAMS AT VARIOUS POINTS IN THE FUTURE.**  
18 **WOULD THIS BE ADVISABLE?**

19 **A.** No, it would not. As indicated above, DESC already has a robust and  
20 comprehensive process for the review and revision of its DSM plans, with full input from  
21 the Advisory Group of which CCL and SACE are members. There is no necessity for  
22 establishing an artificial timetable for conducting single-issue reviews. The appropriate

1 reviews will be conducted at the appropriate time under the current regulatory reporting  
2 and stakeholder advisory processes.

3 **Q. IN HER TESTIMONY, MS. CHANT PROPOSES SHORTENING THE TIME**  
4 **PERIOD DURING WHICH COMMERCIAL & INDUSTRIAL (“C&I”**  
5 **CUSTOMERS WOULD BE PREVENTED FROM OPTING OUT OF THE DSM**  
6 **RIDER AFTER HAVING RECEIVED DSM BENEFITS. IS SHORTENING THE**  
7 **OPT-IN TIME PERIOD ADVISABLE?**

8 A. No. It would not be advisable to shorten the mandatory participation or “opt-in”  
9 time beyond the already shortened three-year period that the Company is proposing here.  
10 The purpose of the opt-in period is to ensure that customers who receive incentives or other  
11 benefits under DSM programs remain subject to the DSM rate rider long enough to repay  
12 some part of the benefits they receive. The three-year period mirrors the amortization  
13 period during which the bulk of the DSM program costs for any year will be recovered. To  
14 set a shorter opt-in period would allow customers to opt in to the program long enough to  
15 receive benefits, which for commercial and industrial customers could be as high as  
16 \$100,000, and immediately opt out of any payment responsibility for the benefits they  
17 received. This would not be fair to other customers.

18 Ms. Chant does not cite any evidence indicating that reducing the mandatory opt-  
19 in time period would successfully attract opt-out customers back into the program. DESC  
20 is not aware of any utility that has been successful in convincing substantial numbers of  
21 opt-out customers to opt back into DSM programs. My experience is that customers who  
22 have opted out of our DSM programs have made an informed business decision that they  
23 can efficiently and effectively implement energy savings measures on their own. This is



1 consistent with rationale for opt out provisions as proposed in the 2010 opt-out settlement  
 2 agreement among the South Carolina Energy Users Committee, the CCL, ORS and other  
 3 parties. In approving the Opt-Out Settlement Agreement, the Commission quoted with  
 4 approval testimony from the South Carolina Energy Users Committee in which stated:

5 Intense competition has forced manufacturers to actively seek every  
 6 possible way to cut costs and stay in business. It is very likely that  
 7 manufacturers have already implemented energy efficiency measures that  
 8 have created ongoing energy efficiency savings that may easily eclipse  
 9 anything that SCE&G is proposing in the current application. If  
 10 manufacturers are now forced to participate in SCE&G'S EE/DSM  
 11 programs after they have already completed past energy efficiency projects,  
 12 they will essentially be "double-dipped" on energy efficiency costs.

13 Order No. 2010-472 at 18.

14 This is consistent with the findings of the DESC customer survey conducted among  
 15 C&I opt-out customers in response to Order 2015-307. Seventy-four percent of the  
 16 respondents indicated that they either implement their own energy efficiency programs or  
 17 had plans to do so. Walmart, which is a party to this docket, has provided testimony  
 18 affirming its commitment to implementing its own independent energy efficiency measures  
 19 facilitated by the opt-out provisions of the DSM program, which it seeks to preserve.

20 In my experience, Customers who opt out of DSM programs do so for valid  
 21 business reasons. Shortening the opt-in time period is not likely to have significant long-  
 22 term impacts on customer participation levels.

23 **Q. PLEASE RESPOND TO MS. CHANT'S DISCUSSION OF THE AMNESTY**  
 24 **PERIOD FOR THE BACK BILLING OF OPT-IN CUSTOMERS ON DUKE**  
 25 **ENERGY CAROLINAS' SYSTEM?**

26 A. Ms. Chant references a Duke Energy Carolinas DSM program which offers an  
 27 annual opt-in period each year allowing parties to reenter the program and only be back

1 billed for past DSM rider charges which are more recent than the effective date of the  
2 current year's rider adjustment. *See* Docket 2013-298-E, Settlement Agreement, October  
3 29, 2013. DESC's program, however, does not involve any back billing of customers who  
4 opt in, but instead requires them to remain participants in DSM during the period over  
5 which program costs are typically amortized. An amnesty program would not make sense  
6 for DESC since there is no back billing to forgive.

7 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

8 A. Yes. It does.